

# RJR Promotional Spending Effectiveness

## RJR Promotional Spending

- ◆ What is the available data ?
- ◆ Where is the data obtained ?
- ◆ How is it measured ?
- ◆ How can the data be effectively used ?

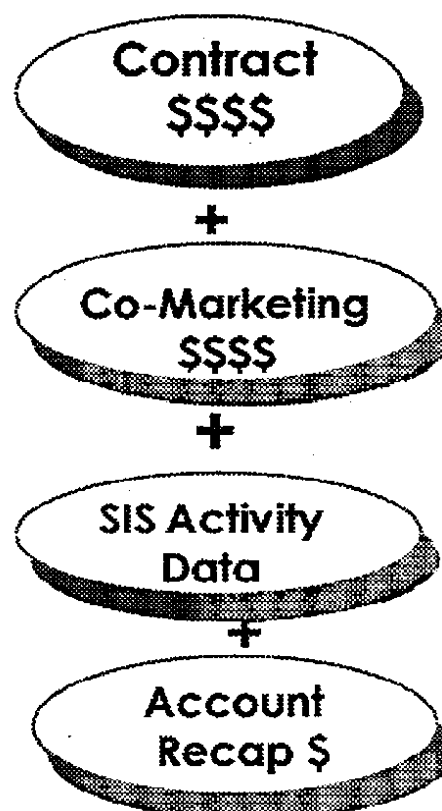
# RJR Promotional Spending

## Available Data

- ◆ Pay Register (contractual payments)
- ◆ Co-Marketing Program - Monies spent
- ◆ SIS Activity Summary
  - > Six month "window"
  - > Estimate spending for one year period for impact
- ◆ SIS Account Recap
  - > Coupon Payments
  - > "Other" Payments

# RJR Promotional Spending

## Measuring Data



## Example

**Glass Shop Rite Liquor  
Dover, New Jersey**

- ◆ Pack Outlet
- ◆ 500 + cartons per week
- ◆ RJR Base Plan/NSS2/SCPO/FPDT/CMFPKRJR
- ◆ Lorillard PCD
- ◆ B&W PCD

## Promotional Spending Example

→ Philip Morris presents Retail Masters "Exclusive"

PM Offer

\$ 605/month

Current RJR Payment

\$ 315/month

Question? How can we sell the retailer on "COEXISTENCE"?

## RJR Promotional Spending

### Total RJR Spending (annual)

Contractual	\$ 3,780
Co-Marketing	1,404
Promotional (estimated)	4,700
"Other"	<u>655</u>
Total	\$ 10,539

## RJR Promotional Spending

### Comparison of PM Offer Vs. Coexistence (annual)

#### PM Exclusivity (+Flex)

\$ 9,660

#### Co-Existence

RJR Contractual	\$ 3,780
RJR Co-Mktg	\$ 1,404
RJR Promo Spending	\$ 5,355
Lorillard	\$ 990
B&W/ATC	\$ 2,100
	<u>\$ 13,629</u>

+ \$ 3,969



# PACK OUTLETS

51847 3228

1994						1995					
RETAIL MASTERS SELF SERVICE-PACK OUTLETS						RETAIL MASTERS SELF SERVICE-PACK OUTLETS					
PM WEEKLY VOLUME	LEVEL 1	LEVEL 2	EXCLUSIVITY- CON. PAY.	PM FLEX	EXCLUSIVE FLEX	PM WEEKLY VOLUME	LEVEL 1	LEVEL 2	EXCLUSIVITY- CON. PAY.	PM FLEX	EXCLUSIVE FLEX
< 30	\$0	\$0	\$0	\$0	N/A	< 30	\$0	\$0	\$0	\$0	\$0
30-48	\$0	\$0	\$0	\$0	N/A	30-48	\$0	\$0	\$0	\$0	\$0
49-64	\$110	\$147	\$24	\$24	N/A	49-64	\$110	\$147	\$24	\$24	\$24
65-77	\$138	\$184	\$31	\$31	N/A	65-77	\$138	\$184	\$31	\$31	\$31
78-89	\$163	\$217	\$36	\$36	N/A	78-89	\$163	\$217	\$36	\$36	\$36
90-103	\$188	\$251	\$42	\$42	N/A	90-103	\$188	\$251	\$42	\$42	\$42
104-122	\$220	\$293	\$49	\$49	N/A	104-122	\$220	\$293	\$49	\$49	\$49
123-146	\$262	\$349	\$58	\$58	N/A	123-146	\$262	\$349	\$58	\$58	\$58
147-177	\$316	\$421	\$70	\$70	N/A	147-177	\$316	\$421	\$70	\$70	\$70
178-210	\$316	\$421	\$84	\$98	N/A	178-210	\$316	\$421	\$70	\$70	\$140
211-255	\$316	\$421	\$100	\$131	N/A	211-255	\$454	\$605	\$100	\$100	\$100
256-304	\$316	\$421	\$121	\$172	N/A	256-304	\$454	\$605	\$121	\$121	\$242
305-367	\$316	\$421	\$145	\$220	N/A	305-367	\$454	\$605	\$145	\$145	\$290
368-438	\$316	\$421	\$174	\$278	N/A	368-438	\$454	\$605	\$174	\$174	\$348
439-527	\$316	\$421	\$209	\$348	N/A	439-527	\$454	\$605	\$209	\$209	\$418
528-630	\$316	\$421	\$250	\$432	N/A	528-630	\$454	\$605	\$250	\$250	\$500
631-759	\$316	\$421	\$300	\$532	N/A	631-759	\$454	\$605	\$300	\$300	\$600
760-908	\$316	\$421	\$361	\$652	N/A	760-908	\$454	\$605	\$361	\$361	\$722
909-1093	\$316	\$421	\$433	\$797	N/A	909-1093	\$454	\$605	\$433	\$433	\$868
1094-1308	\$316	\$421	\$520	\$970	N/A	1094-1308	\$454	\$605	\$520	\$520	\$1,040
1309-1573	\$316	\$421	\$623	\$1,178	N/A	1309-1573	\$454	\$605	\$623	\$623	\$1,248
1574-1886	\$316	\$421	\$749	\$1,428	N/A	1574-1886	\$454	\$605	\$749	\$749	\$1,498
1887-2265	\$316	\$421	\$898	\$1,727	N/A	1887-2265	\$454	\$605	\$898	\$898	\$1,798
2266-2716	\$316	\$421	\$1,078	\$2,087	N/A	2266-2716	\$454	\$605	\$1,078	\$1,078	\$2,158
2717-3261	\$316	\$421	\$1,294	\$2,518	N/A	2717-3261	\$454	\$605	\$1,294	\$1,294	\$2,588
3262-3912	\$316	\$421	\$1,553	\$3,036	N/A	3262-3912	\$454	\$605	\$1,553	\$1,553	\$3,108
3913-4695	\$316	\$421	\$1,863	\$3,657	N/A	3913-4695	\$454	\$605	\$1,863	\$1,863	\$3,728
4696-5634	\$316	\$421	\$2,236	\$4,403	N/A	4696-5634	\$454	\$605	\$2,236	\$2,236	\$4,472
5635-7031	\$316	\$421	\$2,742	\$5,297	N/A	5635-7031	\$454	\$605	\$2,742	\$2,742	\$5,484
7032-7842	\$316	\$421	\$3,220	\$6,371	N/A	7032-7842	\$454	\$605	\$3,220	\$3,220	\$6,440
7843-10007	\$316	\$421	\$3,864	\$7,659	N/A	7843-10007	\$454	\$605	\$3,864	\$3,864	\$7,728
10008-11412	\$316	\$421	\$4,637	\$9,205	N/A	10008-11412	\$454	\$605	\$4,637	\$4,637	\$9,274
11413-14291	\$316	\$421	\$5,564	\$11,060	N/A	11413-14291	\$454	\$605	\$5,564	\$5,564	\$11,128
45	50	10	10-.20	.00		45	60	10	10	.20	

## SUMMARY OF CHANGES

- 1- CONTRACT PAYMENT CAP EXTENDED 2 LEVELS- NEW MAX PAYMENT IN PACK OUTLETS IS \$605
- 2- EXCLUSIVITY CONTRACT PAYMENT- NO CHANGE
- 3- FLEX PAYMENT NO LONGER INCREASES AFTER VOLUME CAP- STAYS CONSTANT AT .10 PER CARTON ON ENTIRE GRID
- 4- FLEX FUND FOR EXCLUSIVE ACCOUNTS DOUBLES COMPARED TO 1995 NON-EXCLUSIVE ACCOUNTS- EQUAL TO .20 PER CTN

= CHANGE FROM 1994